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Book Part

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Chapter 4

The Ethics of Corporate Ethical and Moral Charismatic Leadership

Executive Summary

Leadership cannot exist without followership. The phenomenon of direction and guidance, coaching and mentoring, has at least three components: the leader, leadership, and followers. With each component, the composition of purpose and goals, ethics and morals, rights and duties, and skills and talents is critically important. While the leader is the central and the most important part of the leadership phenomenon, followers are important and necessary factors in the leadership equation. Leaders and followers are engaged in a common enterprise: they are dependent upon each other; their fortunes rise and fall together. Relational qualities define the leadership−followership phenomenon. A major component of such a relationship is how the leaders create and communicate new meaning to followers, perceive themselves relative to followers, and how the followers, in turn, perceive their leader. This mutual perception has serious ethical and moral implications − how leader uses or abuses power, and how followers are augmented or diminished. This chapter features the essentials of ethical and moral, corporate executive leadership in two parts: (1) the Theory of Ethical and Moral Leadership and (2) the Art of Ethical and Moral Leadership. Several contemporary cases such as inspirational leadership of JRD Tata, Crisis of Leadership at Infosys, and Headhunting for CEOs will illustrate our discussions on the ethics and morals of corporate executive leadership.

4.1. The Need for Moral Leadership Today

Warren Bennis, with over 50 years of leadership experience and extensive writing about it, is one of the world's leading experts on leadership. As a top-level advisor to four U.S. Presidents and distinguished Professor of Business Leadership at the University of Southern California, Bennis' influence cannot be overestimated. Bennis affirms that leadership is not some set of tricks to be studied and practiced, a how-to manual for the ambitious; it is the all-encompassing study of the human condition, its full potential, its vision and imagination, and its dignity and sanctity. *Know-thyself* was held as a precondition for success in

ancient Greece, and so it is today, but it is best realized in the crucible of hard experience. We come to know ourselves through self-invention and imagination. People who cannot invent and reinvent themselves must be content with borrowed postures, secondhand ideas, fitting in instead of standing out.

Leadership is nothing less than a full and proper preparation for life, if we want to leave even the slightest of footprints in the sands of time. Bennis argues that bureaucracy is doomed and that something flatter and more collegial with candor and transparency will triumph. Bennis also believed that all organizational decisions inevitably have a moral dimension. He understood the vital role that great followers play in successful leadership. Thus, the process of becoming a leader and the process of becoming a fully integrated human being are one and the same, both grounded in self-discovery (Bennis, 2009, pp. ix−xii; 2, 5).

Case 4.1:   Jehangir Ratanji Dadabhoy (JRD) Tata: A Moral Visionary Leader

JRD was an interesting product of two continents: his father was a Parsee and his mother French. Born in Paris in 1904, JRD schooled in Paris, Bombay, and Yokohama. Most of his education was in France. He spoke French *par excellence*, but not so English. Hence, he was sent to an English Grammar School in Cambridge. But his education was interrupted, as when 20, he was drafted by the French army. After his draft, he was planning to go back to Cambridge, when his father summoned him back to India to join the Tatas. JRD regretted for decades thereafter that he never went to a university. His father died nine months later and JRD took his place as director of Tata Sons. JRD was 21. Though he missed college education, JRD made up for that: after office hours, he read books in English to learn various aspects of business. When JRD was in his early twenties and while recovering from typhoid, he would go to his room at the Taj, throw himself in bed, and study. When his sister Rosabeh pleaded: "Why don't you rest, Jeh, you are tired and unwell," he replied, "I want to be worthy of the Tatas" (Mambro, 2004, pp. xvii−xviii).

As his mother was French, he spent much of his childhood in France, and as a result, French was his first language. He attended the Janson De Sailly School in Paris. Later, he attended the Cathedral and John Connon School, Bombay. When his father joined the Tata Company, he moved the whole family to London. During this time, JRD's mother died at an early age of 43 while his father was in India and his family was in France.

After his mother's death, Ratanji Dadabhoy Tata decided to move his family to India and sent JRD to England for higher studies in October 1923. He was enrolled in a grammar school and was interested in studying Engineering at Cambridge. Just as the grammar course was ending and he was hoping to enter Cambridge, a law was passed in France to draft into the army for two years all French boys at the age of 20. As a citizen of France, JRD Tata had to enlist in the army for at least one year. In between the

grammar school and his time in the army, he spent a brief spell at home in Bombay.

JRD Tata's Business Leadership

JRD Tata was inspired early by pioneer Louis Blériot who was the first to fly across the English Channel and who had a home on the French coast near Tata's country home. Jeh took to flying. On February 10, 1929, Tata obtained the first pilot license issued in India. He later came to be known as the father of Indian Civil Aviation. He founded India's first commercial airline, Tata Airlines in 1932, which became Air India in 1946, now India's national airline.

In 1948, JRD Tata launched Air India International as India's first international airline. Within 10 years, he was president of International Air Transport Association (IATA). In 1953, Air India International was nationalized, and the Indian Government appointed JRD Tata as Chairman of Air India and a Director on the Board of Indian Airlines – a position he retained for 25 years till 1978, making it one of the most efficient airlines of the world. For his crowning achievements in aviation, he was bestowed the title of *Honorary Air Commodore of India*.

He joined Tata Sons as an unpaid apprentice in 1925. In 1938, at the age of 34, JRD was elected Chairman of Tata Sons making him the head of the largest industrial group in India. He took over as Chairman of Tata Sons from his second cousin Nowroji Saklatwala. For decades, he directed the huge Tata Group of companies, with major interests in steel, engineering, power, chemicals, and hospitality. He was famous for succeeding in business while maintaining high ethical standards – refusing to bribe politicians or use the black market.

He was the trustee of the Sir Dorabji Tata Trust from its inception in 1932 for over half a century. Under his guidance, this Trust established Asia's first cancer hospital, the Tata Memorial Centre for Cancer, Research and Treatment, in Bombay in 1941. He also founded the Tata Institute of Social Sciences (TISS, 1936), the Tata Institute of Fundamental Research (TIFR, 1945), and the National Center for Performing Arts in Bombay. He was also a founding member of the first Governing Body of NCAER, the National Council of Applied Economic Research in New Delhi, India's first independent economic policy institute established in 1956.

He is best known for being the founder of several industries under the Tata Group, including Tata Engineering and Locomotive Company (TELCO) in 1945, now Tata Motors; Tata Exports in 1962, today called Tata International, one of the leading export houses in India; he founded Tata Computer Centre in 1968, currently Tata Consultancy Services (TCS); he also founded Titan Industries in 1987, Tata Tea, Voltas, and Air India. In 1983, he was awarded the French Legion of Honor, and in 1992 and 1995,

two of India's highest civilian awards, the Bharat Ratna and Padma Vibhushan, were bestowed to him for his contributions to Indian industry. Jamshedpur was also selected as a UN Global Compact City because of the quality of life, conditions of sanitation, roads, and welfare that were offered by Tata Steel.

Under his chairmanship, the assets of the Tata Group grew from US$100 million to over US$5 billion. He started with 14 enterprises under his leadership and half a century later on July 26, 1988, when he left, Tata Sons was a conglomerate of 95 enterprises which they either started or in which they had controlling interest.

JRD Tata cared greatly for his workers. In 1956, he initiated a program of closer "employee association with management" to give workers a stronger voice in the affairs of the company. He firmly believed in employee welfare and espoused the principles of an eight-hour working day, free medical aid, workers' provident scheme, and workmen's accident compensation schemes, which were later adopted as statutory requirements in India. In 1979, Tata Steel instituted a new practice: a worker being deemed to be "at work" from the moment he leaves home for work till he returns home from work. This made the company financially liable to the worker for any mishap on the way to and from work.

"One of the qualities of leadership is to assess what is needed to get the best results for an enterprise. If that demands being a very active executive chairman, as I was in Air India, I did that. On the other hand, if a managing director of our company could do that and get good results, I let him do that. [...] Often a Chairman's main responsibility is to inspire respect" (Mambro, 2004, p. xix).

At the end of his life, JRD was searching for a deeper faith in God. In one of his numerous interviews with JRD, just two weeks before he left for Geneva and never returned, RM Lala tells us that JRD was discussing with him a hymn he liked, "Abide with me." "God has to look after 800 million people in this country and six billion in the world, how can I expect him to look after me or abide with me?" (cited in Mambro, 2004, p. xxi)

JRD Tata died in Geneva, Switzerland on November 29, 1993, at the age of 89 of a kidney infection. Upon his death, the Indian Parliament was adjourned in his memory — an honor not usually given to persons who are not members of parliament. He was buried at the Père Lachaise Cemetery in Paris.

Ethical Reflections

(1) Study the Transformational Leadership of Jehangir Ratanji Dadabhoy Tata (JRD Tata).
(2) Study the Transformational Visionary Leadership of JRD Tata.
(3) Study the Transformational Inspirational Leadership of JRD Tata.

(4) Study the Transformational Moral Responsible Leadership of JRD Tata.
(5) Study the Transformational Ethical Responsible Leadership of JRD Tata.
(6) Study the Transformational Servant and Humanitarian Leadership of JRD Tata.

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Case 4.2: Excessive Executive Compensation Questions Morality of Corporate Leadership

Recently, exorbitant executive compensation has distanced the leader from the followers. It is noted that in Japan the executive compensation is about 17 times that of an average worker; in France and Germany, 23−25 times; in Britain, 35 times; in the USA, between 85 and 100 times. Edwards Deming (1992), the founder of total quality management (TQM), believed that the enormous financial incentives of the executives have destroyed teamwork at many American companies. The scandalously high executive packages have been offered despite downward trend in corporate profits. For instance, in 1990, the CEO of United Airlines received US$18.3 million (1200 times what a new flight attendant made), while United Airlines' profits fell by 71%. Such compensation disparities alienate followers from the leaders; followers often resent such exorbitant benefits and begin to link them with the exercise and abuse of authority. Similarly, on March 31, 1993, the *New York Times* reported that IBM laid-off hundreds of even long-time employees, while also jacking up the salary of its new CEO to a basic salary of US$2 million, bonus of US$5 million, and a host of other incentives worth millions more. The *New York Times* article commented on the devastation of the employees

fired and of the likely psychological toll on those who survived this round of cuts. This is a crisis of moral executive leadership.

Ethical Questions

(1) In general, discuss the ethics of executive compensation.
(2) What is the ethical and moral justification and obligation of exorbitant executive compensation today?
(3) Based on teleology and deontology argue the ethics of excessive executive compensation today.
(4) Study the ethics of distributive justice and corrective justice issues in relation to exorbitant executive compensation today.
(5) Based on ethics of virtue and ethics of trust, explore the social ramifications of exorbitant executive compensation today.

4.2.   The Ethics of Executive Leadership

The past quarter-century has witnessed the rise, the fall, and the occasional resurrection of transactional leadership, transformational leadership, charismatic leadership, authentic leadership, autocratic leadership, steward leadership, servant leadership, collaborative leadership, laissez-faire leadership, and value leadership. What is striking about this literature is that it has rarely focused on ethics. Ethical leadership and moral leadership are very recent on the leadership literature radar. Yet, all leadership has an ethical and moral dimension. One cannot be an effective leader without being a good leader in terms of morality. Ethically neutral leadership is impossible − ethical views shape the means and ends of leaders. The essence of effective leadership is ethical leadership. Leadership cannot be successful without being moral (Rhode, 2006, pp. 5−6).

Moral leadership seems to be an oxymoron as bad as *business ethics*. Neither term carries much credibility in popular American culture today. Years ago, Machiavelli asserted that "politics and ethics don't mix," and the sole aim of any leader is "the acquisition of personal power." Under such concept of leadership, ethical or moral leadership is a contradiction in terms.

This chapter has two parts: (1) the Theory of Ethical and Moral Leadership and (2) the Execution of Ethical and Moral Leadership.

4.3.   Part 1: The Theory of Ethical and Moral Leadership

Leadership has been defined and understood across various leadership styles, perspectives, situations, causes, and issues. For instance, Rost (1991) analyzed 221 definitions to argue that there is no common definition of leadership. As a starter, all these definitions understand and denote leadership as a process, act,

or influence exerted by one or a few on many to get something done. The definitions, however, differ in their connotation, particularly in their implications for the leader−follower relationship. After all, *how* leaders influence people to do things (e.g., impress, inspire, organize, lead, direct, or persuade) and *how* what is to be done is decided (e.g., forced obedience, voluntary consent determined by the leader, participative management, collaborative leadership) have normative implications and moral commitments (Ciulla, 2004, p. 11). Thus, a good workable definition or paradigm of leadership may *denote* the same essential elements but may *connote* different ramifications given the denotation of the definition. This denotation−connotation tension enriches, widens, and deepens scholarly research.

A definition of leadership should normally precede leadership research and scholarship. The choice of a definition can be esthetic, moral, ethical, political, bureaucratic, psychological, sociological, and Machiavellian − if you control the definition, you can control the research agenda. A dominant theme in the current leadership literature is the search for an all-encompassing definition (paradigm, model) of leadership (Rost, 1991). Such a search for singular definitions is not very impressive or useful when it relates to a complex and ambiguous social phenomenon such as leadership; such a search can paralyze rather than clarify research (Solomon, 2004, pp. 86−87; fn. viii).

4.3.1. Leaders, Leadership, and Followers

Leadership cannot exist without followership. The phenomenon of direction and guidance, coaching and mentoring, has at least three components: the leader, leadership, and followers. With each component, the composition of purposes and goals, ethics and morals, rights and duties, and skills and talents is critically important. While the leader is the central and the most important part of the leadership phenomenon, followers are important and necessary factors in the equation (Hollander, 1978, pp. 4, 5, 6, 12). Leaders and followers are engaged in a common enterprise: they are dependent upon each other; their fortunes rise and fall together (Burns, 1979, p. 426). Followership requires that leaders recognize their true role and within the Commonwealth of the organization. The choices and actions of leaders must take into consideration the rights and needs of followers (Gini, 1997).

Relational qualities define the leadership−followership phenomenon. A major component of such a relationship is how the leaders perceive themselves relative to followers, and how the followers, in turn, perceive the leader. This mutual perception has serious ethical implications − how a leader uses or abuses power, and how the followers are used or abused.

"If leadership is an active and ongoing relationship between leaders and followers, then a central requirement of the leadership process is for leaders to evoke and elicit consensus in their constituencies, and conversely, for followers to inform and influence their leaders" (Gini, 2004, p. 36). Both influence processes are done through the use of power, education, expert knowledge, charisma, vision, and mission. Real leadership, according to James McGregor

Burns (1979, p. 36), is not just about directed results; it is also about offering the followers a choice among all alternatives to grow and reach their full potential. Power need not be dictatorial or coercive, but directive and cooperative. Leaders as models and mentors must engage followers and not merely direct them.

The leader is a teacher, said Peter Senge (1990, p. 353), but leadership is not just about teaching people how to achieve their vision; rather, it is about fostering learning, offering choices, and building consensus among followers. Leadership is based on a compact that binds those who lead and those who follow into the same moral, intellectual, and emotional commitment (Zaleznik, 1990, p. 12). However, this "compact" could spell very uneven ground of relationships, given that often the leader has the power and followers are powerless. It is up to a good moral leader to make it an even playing field of fair interaction play.

4.3.2. What is Ethical Leadership?

Ethics is an evaluative enterprise. The best of ethics is an ethics of change — how to recognize the need for change and bring it about with the right set of vision, mission, and resource alternatives. From a leadership perspective, such a process must be a collective discernment and consensual decision approach between leaders and followers. How leaders and followers collectively decide the right action to be taken to be implemented in the right way with the right people amidst various contingencies can be very challenging in moral leadership. The vision and values of leadership must have their origins and resolutions in the community of followers, of whom they are part and whom they wish to serve. Leaders can drive, lead, orchestrate, and even cajole, but they cannot force, dictate, or demand. Leaders must be the necessary condition or catalyst for morally sound behavior, but, by themselves, they are not the sufficient condition. Leaders may offer a vision and a mission, but the followers must buy into it. Leaders may design and organize a plan, but the followers must understand it and decide to take it on. In the new paradigm of leadership, neither the leader nor the followers should displace or replace their willingness and commitment (Wills, 1994, p. 13).

Given the central role of ethics in the practice of leadership, it is remarkable that there has been little in the way of sustained and systematic treatment of the subject by scholars (Ciulla, 2004, p. 3). An increasingly common position in both scholarly and popular leadership literature is that *the essence of effective leadership is ethical leadership*. The first major theorist to take this view was historian McGregor Burns. In his book *Leadership* published in 1978, Burns distinguished between transactional and transformational leadership. The former involves exchange relationships between leaders and followers, while the latter leads both the leaders and the followers to higher levels of motivation and morality, beyond everybody's wants and needs. Transformational leadership aspires to reach more principled levels of judgment in pursuit of end values such

as liberty, justice, and self-fulfillment. According to Burns, transformation leadership is ethical leadership.

Further, in the context of stewardship responsibilities of leaders, the recognition and respect of rights and duties of followers become critical. Followers set the terms of acceptance for leadership, and with this drift has arisen the sharp need for ethical and moral leadership. Successful leaders need to understand their followers as collaborators far more than followers need to understand their leaders (Gini, 2004, pp. 32−33).

Other scholars see this definition as limiting. Some argue that effective leadership requires morality in means, but not necessarily in ends. This is because there is wide agreement on the ethics and morality of widely shared principles for judging the means or the process of executive actions, whereas there is much less consensus on the morality of ends or objectives. In this view, leadership cannot be coercive or authoritarian in the pursuit of ends, but it can seek ends that most people would regard as morally unjustified (Rost, 1991, pp. 18, 165). But what about those who do wrong things (ends) well, such as Hitler, Stalin, and Saddam Hussein − they were animated by a moral vision (e.g., ethnic cleansing) and were extremely effective in inspiring others to follow them (Bennis, 1989, p. 18; Gini, 1997, pp. 323, 325; Kellerman, 2004, pp. 11−12, 30). "From a scholarly point of view, it is unproductive to exclude from definitions of leadership those people whose means or ends are immoral and abhorrent but nonetheless effective, and therefore, instructive. How can we stop what we do not study?" asks Barbara Kellerman (2004, p. 12).

Other scholars define ethics of leadership as "experts in the protection of values" (Selznick, 1957, pp. 121−122). Peters and Waterman (1982, p. 245) studying high-performing businesses conclude that the primary role of top executives is to "manage the values of the organization." Successful leadership requires infusing employees' day-to-day behavior with long-term meaning and inspiring commitment to a "grand vision" about quality, service, and excellence (1982, pp. 218, 284, 287). But the unaddressed central questions are: How are values determined and transmitted? Under what circumstances are those processes effective? To what extent do corporate values have an explicit ethical content? For instance, much of discussion on "excellence" in values-related ethics carries little moral content. What is left is leadership ethics without ethics (Rhode, 2006, p. 8). Other commentators who see an ethical dimension to value leadership discuss it only in most perfunctory and platitudinous terms.

From a perspective of the importance of emotions in leadership, Solomon (2004, p. 89) defines an ethical leader as "one who shares with his or her followers the emotions of fairness, mutual well-being, and harmony."[1] In corporations, ethical leadership deals with the concerns of all stakeholders rather than on the bottom line. In politics, ethical leadership is the passion to do the right thing rightly and at the right time rather than worrying about the urgency of winning the next elections.

Publications aimed at managerial audiences frequently list just a few key qualities that have stood the test of time such as integrity, honesty, fairness,

kindness, concern, compassion, tolerance, honor, and mutual respect, without acknowledging any complexity or potential conflict in their exercise or execution (Badaracco & Ellsworth, 1999, p. 100; Costa, 1998, pp. 155, 276, 282; Gardner, 1990, p. 77; Morris, 1997, p. 122). More important concerns such as diversity, community building, community relations, environmental stewardship, accountability, moral responsibility, and the like do not feature prominently in such lists of corporate "virtues" touted as ethical leadership values. Others simply add "moral" as an all-purpose label in the mix of desirable characteristics that leaders should have. Others are more specific and invoke "moral imagination," "moral courage," "moral excellence," and "moral compass" as ethical leadership traits (Costa, 1998, pp. 240−248). But few scholars recognize the complexity of ethical leadership in terms of mixed motives, reconciling priorities, moral conflicts, and the balancing among competing concerns (Rhode, 2006, pp. 8−9).

According to Rost (1991, p. 161), "The leadership process is ethical if the people in the relationship (the leaders and followers) *freely* agree that the intended changes reflect their mutual purposes." This proposition has two attractive moral elements: (1) for Rost, consensus is an important part of what makes leadership real and ethical and this is because free choice is morally pleasing, and (2) also implied in this definition is the recognition of beliefs, values, and needs of the followers. Followers are the leader's partners in shaping the goals and purposes of a group or organization. However, both moral elements may not be sufficient to make leadership and followership ethical − for instance, both parties could freely embrace and endorse values that imply moral relativism. Otherwise, we do not get out of "the Hitler's problem." If leadership is mere consensual "influence over history" (Heifetz, 1998, p. 17), then Hitler, Lincoln, and Gandhi fall in the same category.

To summarize, ethical leadership is exercising moral influence in the choice of means and ends. The top companies make meaning and not money, concluded Peters and Waterman (1982, p. 279). Moral and religious philosophers since Aristotle have generally assumed the existence of fixed character traits that are largely responsible for ethical and unethical behavior (MacIntyre, 1981):

- *Moral Awareness*: recognizing that a situation raises ethical issues.
- *Moral Reasoning*: determining what course of action is ethically sound.
- *Moral Intent*: identifying which values should take priority in the decision at hand.
- *Moral Behaviors*: acting on ethical decisions.

One could presume that leaders who follow this process strictly and consistently are ethical leaders. But we need more solidly grounded strategic analyses, packaged in forms accessible to those in leadership positions. At a minimum, such analyses should address the roles of ethical codes and compliance programs, the importance of integrating ethical concerns and stakeholder responsibilities

into all organizational functions, and the necessity for visible moral commitment at the top. The commitment must go far beyond legal requirements to widely accepted principles of corporate social responsibility. In contexts where there is no consensus about ethically appropriate conduct, leaders should strive for a decision-making process that is transparent and responsive to competing stakeholder interests (Rhode, 2006, pp. 33−34).

4.3.3.   *What is Moral Leadership?*

Efficiency is easily measured, but ethicality and morality are not, as scholars are not too sure what relevant factors enable and ensure moral assessment of leadership. According to Aristotle, excellent actions are good and noble in themselves, and not only by their outcomes; and a virtuous person has appropriate emotions along with dispositions to act the right way. The actions and strategies of ethical and moral leadership should be good and noble in themselves, and not only in their outcomes.

Good moral leadership thrives on mutually agreed upon purposes that help people achieve consensus, assume responsibility, work for the common good, and build community. Good leadership is a collaborative experience between leaders and followers. Good leadership redistributes power and responsibility among all employees. Good moral leadership is mutual dependency in a shared enterprise. It is a teamwork that thrives in maintaining meaning, responsibility, accountability, authenticity, and integrity in the leader−follower relationship. The so-called crisis of leadership is an absence of these elements (Hollander, 1978). Leadership is essentially a shared experience and a voyage through time, with benefits to be gained and hazards to be surmounted by both leaders and followers. The leader voyages with others; the leader steers the ship; she is a key figure whose actions or inactions can determine the well-being and the broader good of the followers and others (Hollander, 2004, p. 47). In this sense, leadership is intrinsically value-laden − values that determine communal social health and a desired destination (Hodgkinson, 1983, p. 202). It is right values that enable us to discern some goals as good and others as bad in leadership (Gardner, 1990, pp. 66−67).

John W. Gardner (1990), a great leader-practitioner (he held many distinguished posts in the government and in business and taught at Stanford), offers a good multidisciplinary commonsense discussion of ethics and leadership. Gardner conceptualizes morality as a *dimension* of leadership (not a part or an element), thus pioneering a holistic way of studying leadership rather than just investigating a part of it. Gardner derives this moral dimension of leadership using engaging examples from several disciplines (e.g., history, politics, business), while offering wisdom from his own experience of leadership. He urges scholars and leaders to go beyond law to values (that are not easily embedded in laws) such as caring, honor, integrity, tolerance, mutual respect, and human fulfillment. But much of Gardner's work is hortatory (or "parenetic") rather than theoretical.

4.3.4. Challenges of Moral Leadership

Leadership and followership get strained during difficult times. When an organization begins to experience hardship in the form of underperformance that results in declining sales, eroding market shares, plummeting profits, and consequently, financial distress, cash flow crisis, downsizing, plant closings, outsourcing, massive layoffs, insolvency, and bankruptcy threats, organizational leadership gets challenged and challenging, questioned and tested, and empowered or destroyed. During such difficult periods, we normally have recourse to *economic efficiency* and *instrumentalism*. Economic efficiency leads to ruthless cost containment in the form of plant closings, mass layoffs, outsourcing, and other strategies of downsizing. Instrumentalism (that often follows one's economic efficiency mode of thinking) forces leaders to use more powerful means of control than otherwise with the only goal of getting the job done. Instrumentalism disregards the means and the people used to get the job done.

Obviously, to the instrumentalists, the ends are more important that the means; things have no intrinsic value other than their instrumental value in business. Under the instrumental philosophy, business efficiency replaces and displaces the value of truth. Truths that make people feel better, more efficient, and profitable are more desirable than truths that rock the boat. Business leadership is effective when it gets results, argue instrumentalists. Leaders and their organizations are declared successful when they make the most amount of money in the least amount of time. Failure to deliver results can lead to cynicism about executive leadership, alienation, and abdication of moral responsibility by employers and employees alike. At such anxious and confusing moments of crises, ethical and moral leadership assumes different roles − those of sympathy and empathy, sharing and caring, discussion and dialog, compassion and companionship, cooperation and collaboration, stewardship and servanthood, and sacrifice and self-oblation.

In summary, Table 4.1 analyzes the distinguishing features between corporate leadership, corporate ethical leadership, and corporate moral leadership.

4.3.5. Moral Leadership and Emotions

Emotions are largely socially constituted, not so much in their biological origins, but in their aims, expression, and nuances. But they play a large role in our lives and much more so in the lives of great leaders. Consider Abraham Lincoln and the Civil War, Winston Churchill and World War II, and Harry Truman and the first thermonuclear bomb. All these leaders and the major crisis events they grappled with stirred tremendous emotions. Extraordinary events generate extraordinary emotions and which, in turn, motivate extraordinary behaviors, that, in turn, produce and provoke extraordinary emotions, and so on. But emotions also play a role in ordinary events and in the lives of ordinary leaders. The old conventional wisdom was that the less one is prone to emotions, the more effective leader one can be. Rich and energetic emotional life, on the contrary, can form, mold, and shape great leaders.

Table 4.1: Corporate Leadership, Ethical Leadership, and Moral Leadership: Distinguishing Features.

Essential Dimensions	Distinguishing Features		
	General Corporate Leadership	**Corporate Ethical Leadership**	**Corporate Moral Leadership**
Definition	Leadership is exercising one's influence in the choice of means and ends	Ethical leadership is exercising moral influence in the choice of means and ends	Leadership that serves the basic needs of their constituencies, defends fundamental moral principles, seeks the fulfillment of human possibilities, and improves the communities of which they are a part
Nature	Leadership is a multidimensional (leader, follower, inputs, processes, relationships, and outcomes) concept, construct, model, paradigm, and experience of leader−follower loyalty	Ethical leadership is a multidimensional (e.g., diversity of attitudes, values, cultures, mores, customs) concept, construct, model, paradigm, and experience of leader−follower binding	Moral leadership is a multidimensional (e.g., religious beliefs and mandates, conscience, virtues, integrity, sincerity, caring, sharing) concept, construct, model, paradigm, and experience of leader−follower bonding
Denotation	Leadership denotes a process, act, or influence exerted by one or a few on many to get something done	The inputs, process, act, and outputs by which leaders induce or influence followership must be ethical by company codes, industry norms, and competition standards	The inputs, process, act, and outputs by which leaders induce or influence followership must be moral by one's attitudes, beliefs, intentions, values, and virtues
Connotation	Leadership connotes the various ways (e.g., force, incentives, rewards, promises, threats) leaders induce or	The various ways leaders induce or influence leader−follower relationships (e.g., impression, inspiration, incentives, persuasion,	The various ways leaders induce or influence leader−follower relationships (e.g., impression, inspiration, incentives, persuasion,

Table 4.1: (*Continued*)

Essential Dimensions	Distinguishing Features		
	General Corporate Leadership	**Corporate Ethical Leadership**	**Corporate Moral Leadership**
	influence leader−follower relationships	organization, council) must be ethical in content and motives	organization, council) must be moral in content and motives
Domain and scope	Employer vs employees; supervisor vs workers; suppliers and distributors; leader vs followers;	Employer vs employees; supervisor vs workers; suppliers and distributors; leader vs followers;	Employer vs employees; supervisor vs workers; leader vs followers; worker families and communities; supplier family and communities; distributors and families.
	Leadership in ideas, technology, innovation, products and services, markets and market share, profits and performance, and growth and prosperity	Local vs global communities. Leadership in company industry codes of ethical conduct, worker morale, customer experience and loyalty, ecological stewardship, and global sustainability	Leadership in wisdom, integrity, caring, sharing, giving, understanding, forgiving, reconciling, compassion, mercy
Driving power	Popularity, reputation, power, money, wealth, benefits, loyalty, and explanation, prediction, and control of follower behavior	The need for doing right things, just things, fair deals, amicable deals, lasting deals, and fulfilling rights and duties	The need for doing rightly right things, just things, fair deals, amicable deals, lasting deals, and fulfilling rights and duties
Basic function	Foster leader−follower relationships that manage transactions, fulfill contracts, reciprocity of costs and benefits, enhance long-term productivity, profit/growth prospects	Foster leader−follower relationships that enhance long-term ethical codes, conventions, and covenants; that sustain mutuality of rights and duties, and claims and privileges	Foster leader−follower relationships that fulfill fiduciary duties, stewardship covenants, long-term trusting and bonding communities, and sharing and caring societies

Major types	Conceptual leadership Functional leadership Transactional leadership Communicative leadership	Transformational leadership; Collaborative leadership Participative leadership Justice-equality leadership	Steward or fiduciary leadership Servant leadership Covenantal leadership Trust-building leadership
Major emotions	Achievement, success, customer loyalty, shareholder satisfaction	Legal compliance, ethical code compliance, healthy relationships	Mutual trust and respect, intimacy, community building, charisma
Major virtues	Persistence, perseverance, bravery, courage, frugality, camaraderie, and networking	Prudence, diligence, authenticity, transparency, sincerity, respecting rights and duties, and justice	Wisdom, integrity, caring, sharing, giving, understanding, forgiving, reconciling, compassion, and mercy
Major challenges	Long-term leader−follower productive and profitable relationships Economic efficiency Instrumentalism	Long-term leader−follower relationship should be prudent, diligent, authentic, transparent, sincere, respectful, and just	Long-term leader−follower productive, profitable, and mutual growth-oriented relationships
Major outcomes	Performance in relation to revenue, profits, and growth	Performance in relation to ethical values, revenue, profits, and growth	Performance in relation to moral values, virtues, revenues, profits, and growth

Most definitions of leadership contain terms (e.g., impress, induce, persuade, influence, respect, loyalty) that evoke emotions. Burns is most explicit about emotions when his definition of leadership includes such terms as exploiting tensions, rising consciousness, and strong values. However, most of the emotions of leadership tend to fall on the side of the *led* or followers, rather than the leader. This could easily indicate a reduction in leadership to manipulation, thus raising the question of authenticity. Real leadership involves emotions of both the leader and the follower. Emotional behavior is voluntary behavior. Most leaders try to get the followers "move" their emotions in the direction already passionately chosen by the leader. While knowledge is important in leadership skills and methods, managerial knowledge is effective only insofar as that knowledge is in the service of the appropriate emotions (Solomon, 2004, pp. 87−89).

4.3.6. *Moral Leadership and Charisma*

The much used and abused word "charisma" is traced to Max Webber, the German sociologist, and perhaps is the only such term that so explicitly refers to the emotional quality of leadership, albeit at considerable cost to clarity (Solomon, 2004, p. 90).[2] Burns (1978, p. 243) warns that the "term is so overused it threatens to collapse under close analysis." Solomon (2004, pp. 91−92) argues that charisma is not anything in particular as a distinctive personality trait, and it is not an essential element of leadership. According to Solomon (2004, p. 91), "charisma is not a single quality, nor is it a single emotion or set of emotions. It is a generalized way of pointing to and emptily explaining an emotional relationship that is too readily characterized as fascination." Solomon believes that it is not the leader who is charismatic, but the message that is fascinating, rhetorical, persuasive, and inspiring that it attracts great audiences whose hopes and aspirations are raised and fears allayed by that message.

That said, charisma is supposed to be an extraordinary prophetic power (often considered as a gift from God or the Holy Spirit) and a rare personal quality that arouses fervent popular devotion and enthusiasm among one's followers. The charisma of the founders of various Religious Orders and Congregations is often invoked as a draw for the followers. Bernard Bass describes charisma of leaders to whom followers form deep emotional attachments and who in turn inspire their followers to transcend their own interests for superordinate goals. Presumably, this explains the heroic leadership in the over 478-year-old Jesuit Order (Lowney, 2003). Insofar as leadership is an emotional relationship that concerns the future, responding to hopes, wishes, and fears may well be interpreted as charisma by an appreciative audience. JRD Tata's leadership described under *Case 4.1* is also charismatic or prophetic leadership in this sense.

4.3.7. *Leadership as Meaning Creation and Meaning Communication*

Insofar as leadership is identified with meaning creation and meaning communication that impacts positive change, we can distinguish and label different types

or strategies of leadership by attributes and behaviors that provide meaning to one's charges, and as long as those leadership attributes and behaviors can be rightly attributed to the leader. Theoretically, anything and everything about a leader, from choices made to task design and communicating it can be potential determinants of the meaning that leaders create and communicate. *Impacting and imparting meaning* must be the major yardstick by which we identify and measure attributes and behaviors that constitute genuine leadership and what do not. This yardstick can define the scope of leadership (Bresnen, 1995).

Following Podolny, Khurana, and Besharov (2010) characterization of leadership as meaning creation versus meaning communication, Table 4.2 outlines the meaning creation versus meaning communication potential under transactional versus transformation leadership types.

In general, all meaning has at least two components: (1) the tight connection between one's actions and one's ideals, and (2) a feeling of closeness to a natural community of every stakeholder of a corporation. The corporation legitimately exists in and for the society it operates in, and hence, there should be connect of all the major visions, missions, goals and objectives, and structures and architectures of the company to its community of employees, customers, suppliers, creditors, distributors, locals, governments, and the world at large. Some of these meaning creating and meaning communicating activities can be clearly spelt, as is done in Table 4.2. For instance, if a leader wants to create the meaning of social equality and solidarity, then high pay disparities within an organization will not communicate that meaning. The medium is very much a part of the message, and the organization is the medium (Podolny et al., 2010, p. 95).

4.4.   Part 2: The Execution of Moral Leadership

The ethics of leadership should rest upon three pillars: (1) the moral character of the leader; (2) the ethical legitimacy of the values embedded in the leader's vision, articulation, and the program that followers either embrace or reject; and (3) the morality of the process of social ethical choice and action that leaders and followers engage in and collectively pursue (Bass & Steidlmeier, 2004, p. 175). When leaders are morally mature, those that lead display higher moral reasoning (Burns, 1978).

4.4.1.   *Transforming Leadership*

James McGregor Burns, a political scientist, historian, and biographer, is probably the most referenced author in leadership studies. His theory of leadership is drawn from his extensive experience of studying history and biographies of great leaders. In his book, *Leadership*, Burns (1978) distinguishes between transforming and transformational leadership, but he prefers to label his leadership theory as *transforming leadership*. Transforming leaders, says Burns, should have very strong values. His theory is *prescriptive* as he tells what morally good leadership should be. Drawing insights from Abraham Maslow's hierarchy of needs, Milton Rokeach's theory of values and value development, and Lawrence

Table 4.2: A Typology of Leadership: Activities that Create and Communicate Meaning.

Leadership Activity Dimensions	Transactional Leadership		Transformational Leadership	
	Meaning Creation	**Meaning Communication**	**Meaning Creation**	**Meaning Communication**
Vision	Business vision Product vision Market vision Customer vision	Business vision message Product vision message Market vision message Customer vision message	Community vision Social vision National vision Global vision	Community vision message Social vision message National vision message Global vision message
Mission	Business mission Product mission Market mission Customer mission	Business mission message Product mission message Market mission message Customer mission message	Community mission Social mission National mission Global mission	Community mission message Social mission message National mission message Global mission message
Goals and objectives	Business goals Product goals Market goals Customer goals Profitability goals Corp. growth goals	Business goals metaphors Product goals targets Market goals and shares Customer goals as delight Profitability goals as ROI Growth goals as % numbers	Community goals Social goals National goals Global goals Ecology goals Sustainability goals	Community goals metaphors Social goals metaphors National goals metaphors Global goals paradigms Ecology goals paradigms Sustainability goals paradigms

Organizational design (OD)	OD goals and structure OD design architecture OD systems structure OD communications OD social networks	OD goals and structure message OD design architecture form OD systems structure function OD communications metaphors OD social networking patterns	OD community goals OD social goals OD national goals OD global goals OD ecology goals OD sustainability goals	OD community goal metaphors OD social goals messages OD national goals metaphors OD global goals frameworks OD ecology goals paradigms OD sustainability goals visions
Organizational inputs	HR skills and values HR rights and duties HR promotions/rewards HR design and development	HR skills and values message HR rights and duties statements HR promotions/rewards plans HR design and development plans	HR community goals HR social goals HR national goals HR global goals HR ecology goals HR sustainability goals	HR community goal metaphors HR social goal messages HR national goal metaphors HR global goal frameworks HR ecology goal paradigms HR sustainability goal visions

Table 4.2: (*Continued*)

Leadership Activity Dimensions	Transactional Leadership		Transformational Leadership	
	Meaning Creation	**Meaning Communication**	**Meaning Creation**	**Meaning Communication**
Organizational structure	Hierarchy and delegation	Hierarchy and delegation schemes	Community obligations	Community obligation pacts
	Centralization	Centralization and Decentralization process messages	Social obligations	Social obligation codes
	Decentralization	Autonomy/accountability forms	National obligations	National obligation rules
	Autonomy and accountability	Cost containment procedures	Global obligations	Global obligation mandates
	Cost containment		Social accountability	Social accountability principles
			Corporate responsibility	Corporate responsibility norms
Organizational processes	Creativity and innovation	Plans and designs for: creativity and innovation; new product development plans	Creating communities	Creating open communities
	New product development		Social innovation	Social innovation for ecology
	Quality control and mgmt	Quality control and mgmt; warranty/guaranty contracts	Social quality of life	Social quality of life measures
	Product: Warranty/ guaranty	Product bundling/pricing; product promotions/launch; product complaint redress; product expansion/growth	Social legitimacy	Social legitimacy guarantees
	Bundling and pricing		Social service bundling	

	Promotions/launch		Social project launches	Social service bundling schemes
	Complaints redress		Social complaint redress	Social project assessment
	Product expansion/ growth		Social awareness	Social complaint redress process
				Social awareness challenges
Organizational performance	Sales revenue and growth	Sales revenue and growth rates	Community asset growth	Community asset growth rates
	Product market share	Product market share rates	Social capital growth	Social capital growth numbers
	Product profitability	Product profitability numbers	Social profitability	Social profitability ratios
	Market capitalization	Market capitalization numbers	Social capitalization	Social capitalization values
	Return on sales (ROS)	Return on sales ratios	ROS to community	ROS to community measure
	Return on Marketing/ ROM	Return on Marketing ratios	ROM to community	ROM to community measure
	Return on quality (ROQ)	Return on quality numbers	ROQ to community	ROQ to community measure
	Return on investment (ROI)	Return on investment numbers	ROI for community	ROI for community measure
	Return on assets (ROA)	Return on assets numbers	ROA for community	ROA for community measure
	Earnings per share (EPS)	Earnings per share numbers		
		Price/earnings ratios		
		Tobin's Q numbers interpreted		

Leadership Activity Dimensions	Transactional Leadership		Transformational Leadership	
	Meaning Creation	**Meaning Communication**	**Meaning Creation**	**Meaning Communication**
	Price/earnings ratio (P/E)		EPS for community	EPS for community measure
	Tobin's Q		P/E for community	P/E for community measure
			Tobin's Q of community	Community's Tobin's Q measure

Kohlberg's theory of moral development, Burns (1978, pp. 42–43) argues that good leaders must operate at higher need and value levels than those of followers. A good leader exploits tension and conflict within people's value systems and plays the role of raising people's consciousness. That is, good leaders do not water down their values and moral ideals by seeking consensus among followers; rather, they elevate people by using conflict to engage followers and help them reassess their own values and needs. In this respect, Burns opposes Rost's (1991, p. xii) approach of consensual ethics.

Burns (1978) propounds his theory of transforming leadership built around a set of moral commitments. These moral commitments have to do with two moral questions: (1) the morality of means-end that includes the use of moral power and (2) tension between private and public morality of a leader. In this connection, he distinguishes between transactional and transforming leadership. Transactional leadership deals with the value of the *means* of the act which he calls *modal values* (e.g., responsibility, fairness, honesty, and promise-keeping). Transactional leadership helps leaders and followers to reach their own goals by taking care of lower-level needs and wants so that they could move up to higher needs and values. Transforming leadership, on the other hand, is concerned with end values such as liberty, justice, and equality. Transforming leaders transform their followers by raising them through various stages of higher moral development and values. Burns believes that a good leader needs both transactional and transforming leadership. Lack of proper transactional leadership can neglect the means, and "insufficient attention to means can corrupt the ends" (Burns, 1978, p. 426).

Based on this theory, Burns (1978, p. 3) argues that Hitler was not a good leader but a tyrant. He offers three criteria for judging a good transforming leader (1978, p. 426):

(1) Test the authenticity of the leader's moral values such as honor, integrity, and responsibility, and test the extent to which the leader advanced or thwarted the standards of good conduct in humankind.
(2) Test the morality of the leader by his end values of equality and justice.
(3) The leader should be judged by the impact he has on the well-being of the people he touched.

According to Burns, Hitler failed on all three tests of a transforming leader – he chose the wrong means, the wrong ends, and his moral impact on his followers during the process of leadership was disastrous.

Burns criticizes leadership studies for bifurcating literature on leadership and followership. The leadership literature tends to make the leader elitist, heroic, authoritative, dictatorial, political, military, and business power. The followership literature tends to be populist in approach, linking followers with the masses of civilians, commoners, and the illiterate. As Truman said, "a leader is a man who has the ability to get other people to do what they don't want to do, and like it."

4.4.2.   *Steward Leadership*

In his seminal work, *The Fifth Discipline*, Peter Senge (1990, pp. 345−352) states that of all the jobs of leadership, the most important is that of being a steward. Being a steward means recognizing that the ultimate purpose of one's work is others and not self. Leaders should "do what they do" for something larger than themselves − that their life's work may be the "ability to lead," but the final goal of this talent or craft should be other directed.

According to Peter Drucker, leadership is performance. According to Jean Paul Sartre, leadership is responsibility. Combining the two, steward leadership is responsible performance that achieves group goals (i.e., those of the corporation and of its employees). A steward leader is trusted by the followers, though occasionally over-trust could allow leaders undue latitude to set up their own agenda, as is often the case with senior politicians (Hollander, 1992).

In a society where people value individualism and freedom, the challenge of leadership in organizations should be the challenge of responsible stewardship. SQC, TQM, and other programs are good but not enough. Quality is a matter of ethics that requires ethical leaders at the top to give customers what they have promised. Companies have a moral obligation to live up to the promises they have made in advertisements, product brochures, and annual reports (Pierce, 1991, p. 13). But ethical commitment in TQM focuses on customer-oriented stewardship. Some TQM scholars believe that TQM also empowers the employees as the latter are empowered to participate in decisions and management listens to their employees. Both, however, are thin descriptions of an ethical arrangement. Does TQM enable better and more equal relationship to management? Has TQM changed the uneven distribution of power between workers and the supervisors? Does TQM empower the managers to treat employees like customers? Otherwise, TQM can be a "therapeutic fiction" − it is a nice idea, but it breaks down in practice (Ciulla, 2004, p. 73).

4.4.3.   *Servant Leadership*

In 1977, Robert K. Greenleaf published his path-breaking book, *Servant Leadership*, thus ushering a new paradigm of management in corporate offices of America, in general, and in boardrooms, in particular. Greenleaf conceived the idea of servant leadership during a time of chaos in the United States − the late 1960s. Greenleaf, a retired AT&T executive who subsequently lectured at MIT, Harvard Business School, and other great universities (he died in 1990), proposed that service ought to be the most distinguishing characteristic of leadership. It would create not only stronger and dedicated corporations, but business leaders "would find greater joy in their lives if they raised the servant aspect of their leadership and built more serving institutions." Greenleaf was among the first to analyze the qualities of leaders and followers, and especially the necessity for leaders to be attentive to the needs and feelings of others, such that those who are "served" grow as persons, become healthier, wiser, freer, more autonomous, and more likely themselves to become servants, in turn, of their

reports. In the third of a century that has followed since the publication of *Servant Leadership*, the notion of servant leadership has gained academic acceptance by way of theorization and scholarship in business schools, executive acceptance and commitment in corporate boardrooms, and even political recognition and assimilation in policy issues and governance. Responsible board or executive behavior is impossible in the absence of servant leadership. The concept, construct, models, and theories of moral leadership that we explore in this chapter are best premised on those of servant leadership.

Robert Greenleaf proposed as early as 1977 a normative theory of leadership called servant leadership.[3] In the introductory chapter of his book on *Servant Leadership*, Greenleaf wrote: "We live at a time when leaders of power are suspect, and actions that stem from authority are questioned. *Legitimize power* has become an ethical imperative. […] In this country there is a leadership crisis and I should do what I could do about it." His answer was *servant leadership*. If one is servant, either as leader or follower, one is always searching, listening, giving, and expecting. "A fresh critical look is being taken at the issues of power and authority, and people are beginning to learn to relate to one another in less coercive and more creatively supporting ways" (1977, pp. 19, 22).

A new moral principle is emerging that holds that the only authority deserving of one's allegiance is that which is freely and knowingly granted to the leader in response to, and in proportion to, the clearly evident servant stature of the leader. Those who choose to follow this principle will not casually accept the authority of existing institutions. Rather, they will freely respond only to individuals who are chosen as leaders because they are proven and trusted as servants. To the extent that this principle prevails in the future, the only truly visible institutions will be those that are predominantly servant-led (Greenleaf, 1977, pp. 23−24). The crisis of leadership continues now, after 40 years of the publication of servant leadership, in much more force and embarrassment. The need for servant leadership as a remedy to this crisis cannot be overemphasized enough.

A *servant leader* seems an oxymoron. If one is a leader, how can he be a servant? If one is a servant, how can she be a leader? The fusing of servant and leader is a "dangerous creation" (Albert Camus titled his last lecture as "Create Dangerously"!). It is dangerous for the natural servant to become a leader, equally dangerous for the leader to be a servant first, and still more dangerous for a follower to insist on being led by a servant. The servant−leader concept is not based on logic; it is based on intuition. Any intuition-based concept can be full of contradictions. It is like creating out of chaos, freedom from bondage − to have strong individualism amid community, elitism among populism, serenity amidst controversy, and logic intermixed with inconsistency. The servant leader is a servant first, followed by conscious choices that bring one to aspire to lead. That person is sharply different from one who is leader first, especially if one chooses leadership first to gain power and amass riches, and then chooses to serve (Greenleaf, 1977/2002, pp. 24−27).

A servant leader leads people on a journey. A servant leads because he wants to serve others. People follow servant leaders freely because they trust them. Like the transforming leaders, the servant leader elevates his followers. A

servant leader is blessed with an opportunity to lead and to serve. A servant leader is a leader because of influence by example. A servant leads and convinces by presence and not by rules and admonitions. Servant leaders differ from other persons of goodwill because they act on what they believe. Servant leaders know experimentally, and there is a sustaining spirit of trust when they venture and take risk. A servant leader comes to terms with the ambiguities and challenges of executive leadership. According to Robert Greenleaf, the acid test of real servant leadership that works: Do the people around the person grow? Do they, while being served, become healthier, wiser, freer, more autonomous, and more likely themselves to become servants? If so, what is the impact on the poor and the marginalized, and the least privileged in society (see Greenleaf, 2002, p. 27; Senge, 2002, p. 357).

The essence of leadership is service in a community that journeys together toward a destiny. A leader helps us come to grips with who we are, what our common destiny is, and where we are on the journey. The true leader is also a seeker − alert to new possibilities on the journey, open, listening, and ready for whatever develops. True leadership, thus, is also an inner quality as much as an exercise of authority. In the midst of seemingly unrestrained and individualized materialism, Robert Greenleaf's sense of civil community can be a preserving principle of the free market system. In creating an enterprise that stands for something beyond itself − a distinguished serving institution that is at once successful and principled − servant leadership can provide the right beacon that will light the way. Servant leadership can certainly influence a new generation worldwide to transform global capitalism, to serve better the whole of humanity and our planet earth.

According to Greenleaf (2002, p. 31), only a true natural servant automatically responds to a problem by listening first. The automatic response to any problem is to listen first. True listening builds strength in people you listen to. One can observe remarkable transformation in people who have been trained to listen. Most of us try to communicate first. The best test of whether we are communicating is to ask ourselves first − Are we really listening? Do we really want to understand? Are we listening to the one with whom we want to communicate? Are we totally silent and attentive when we listen?

The servant leader accepts and empathizes, and never rejects. Acceptance is receiving what is offered, with approbation, satisfaction, or acquiescence. Empathy is the imaginative projection of one's own consciousness into another being. The opposite of both is to reject, to refuse, and to hear or receive. A great leader accepts, empathizes, and thus deserves the interest and affection of his followers. Acceptance is often unqualified; it requires a tolerance of imperfections. Anybody could lead perfect people, if there were any. Leaders (e.g., parents, teachers, executives) who try to raise perfect children or followers are certain to raise neurotics. It is part of the enigma of human nature that the typical person is imperfect, immature, stumbling, inept, and lazy, but is capable of dedication and heroism *if* wisely led. People grow when those who lead them accept them for what they are and empathize with their shortcoming − such leaders are easily trusted (Greenleaf, 2002, pp. 34−35).

We could summarize the philosophy of servant leadership from the above with the following points (Greenleaf, 2002, pp. 21−61):

- A servant leader is servant first. It begins with the natural feeling that one wants to serve first.
- One should be first a servant and then become a leader by making conscious choices of service.
- Selfless service should define one's leadership.
- Servant leadership is not individualism but collectivism − it is a community of servant leaders.
- Servant leadership is relational and not transactional − it builds great relations (and not merely transactions).
- A servant leader, either leader or follower, is one who is always searching, seeking, listening, and expecting that a better "wheel" for this time emerges or is in the making.
- Servant leadership is prophetic, inspirational than logical, and a praxis than mere philosophy.
- Servant leadership is positive, affirmative, and empowering. It is based on faith in oneself and in humanity − "faith is the choice of the nobler hypothesis" (Dean Inge).
- The servant leader accepts and empathizes, and never rejects.
- Servant leadership enables followers to grow in faith, hope, wisdom, freedom, autonomy, self-esteem, and hence, servant leadership.

4.4.4.   Leadership and Empowerment

"Empowerment is about giving people the confidence, competence, freedom, and resources to act on their own judgments" (Ciulla, 2004, p. 59). Thus, empowered people experience different relationships to leaders who hold power and with whom they share mutual goals. The industrial era with its paradigm of power leadership seems to be over. Organizations have entered a new age where employees are partners and team members. Not only are employers leaders, even employees can be empowered to be leaders.

Authentic empowerment entails a different set of moral understandings and commitments between leaders and followers. Authentic empowerment is opposed to *bogus empowerment* − this is empowerment without power. Ciulla (2004, pp. 64−65) defines bogus empowerment as the use of therapeutic fictions to make people feel better about themselves, eliminate conflict, and satisfy their desire to belong (niceness), so that the followers freely choose to work toward the goals of the organization and be productive instruments. Leaders who offer bogus empowerment are unauthentic, insincere, and disrespectful of others. They believe that they can change others without changing themselves. Such leaders do not dominate, but manipulate people into cheerful subordination. It is a submission of one's identity to group or organizational identity. Increasingly, even management theorists believe that groups and teams are the foundation of all that is good and productive (Whyte, 1956, pp. 6−7, 51, 54).

Most of the traditional empowerment programs seem to have failed to empower the employees. Reasons are many: (1) employees are a captive audience; their success in the organization is contingent on buying into these programs. (2) These programs created a short-lived sense of euphoria among employees (a Hawthorn effect) that quickly faded away. (3) The programs raised employee expectations that they will be enriched and empowered, but did not deliver. (4) Some employees felt indoctrinated and manipulated into submission by the training programs.

Honesty is a necessary condition for empowerment. The former entails a set of specific practical and moral obligations such as integrity, sincerity, authenticity, vision driven, mission oriented, truthful, and transparent. Information is power and is a source of power. The use and access to information and information technologies have empowered employees much more than in the past. Computerized control systems can impose strict self-discipline on workers and replace layers of management. Empowerment requires good faith. Empowerment is a kind of giving. Leaders do not tell people that they are giving them power that they have already gotten through structural and technological changes.

Leaders cannot empower people unless they have the moral courage to be honest and sincere in their intention to change the power of relationship that they have with their followers. If leaders want to be authentic about empowering people, they must be first honest with themselves. Hence, too many leaders are not authentic. They talk about empowerment and participation and even behave that they are participatory, but in practice, they lead to autocratic ways. For instance, you empower employees to organize their work on the one hand, but on the other hand, when they do, you manipulate them to do it your way (Ciulla, 2004, p. 79).

One of the most ethically distinct features of being a leader is one's responsibility for the actions of one's followers. An organization can always give employees more responsibility via empowerment programs, and often employees feel betrayed when they are not being given enough. But more the responsibility given to the followers, the higher is the responsibility of the leader.

Further, modern leadership consists of two ideals: trust and power that often conflict with each other. But trust seems to have taken over from power as the modern foundation of leadership. The moral concepts behind empowerment are responsibility, trust, respect, truth, honesty, and loyalty – these are reciprocal moral concepts; that is, they exist only if they are part of the relationship between followers and leaders.

Honesty is one way to resolve the tension between power and trust. It is morally wrong to lie because lying shows lack of respect for the dignity of the person. Leaders lose credibility and respect when they blatantly fail to respect their employees. If leaders do not demonstrate in substantive ways that they are loyal and committed to their employees through good times and bad, they simply cannot expect the employees to be loyal to them.

4.4.5. Max de Pree on Ethical Leadership

Max de Pree is Chairman Emeritus of Herman Miller, an international high-quality furniture company. He is an emblem of moral leadership. True leaders are sought after and cultivated. Leadership is not an easy subject to explain, comments Max de Pree (1987/2004, p. 11). The measure of leadership is not the quality of the head of the leader, but the tone of the body, the corporate community. The signs of outstanding leadership appear primarily among the followers. When the followers learn and yearn, serve and reach their potential, and manage conflict and achieve the required corporate results, there is great leadership. Leadership is a concept of owning certain things to the institution. It is a way of thinking about institutional heirs, a way of thinking about stewardship as contrasted with ownership. It is servant leadership, as Robert Greenleaf (1977/2002) defined it.

People are the heart and spirit of all that counts. Without people, there is no need for leaders. Corporations, like the people that compose them, are always in a state of becoming. The art of leadership requires us to think about the leader-as-steward in terms of relationships − relationships of assets and legacy, of momentum and effectiveness, and of civility and values. Relationships of assets include vital financial health, and the relationships and reputation that enable the continuity of vital financial health. Such relationships mean several duties (Max de Pree, 1987/2004, pp. 13−22):

- Leaders, accordingly, must deliver to their organization the appropriate services, products, tools, and creative innovations that people in the organization need to be accountable.
- Leaders must also provide the right institutional value system that leads to the principles and standards that guide the practices of the people in the organization.
- Leaders must provide clear statement of these values such that they are broadly understood, agreed on, and shape corporate and individual behavior.
- Leaders are also responsible for future leadership − they need to identify, develop, and nurture future leaders for the organization.
- Effective leaders encourage contrary opinions, an important source of corporate vitality, continuity, and institutional culture.
- Leaders owe a covenant to the organization − a new reference point for what caring, purposeful, and committed people can be in an institutional setting. Covenants bind people together by meeting the needs of one another.
- Leaders owe a certain maturity expressed in a sense of self-worth, a sense of belonging, a sense of expectancy, a sense of responsibility, a sense of accountability, and a sense of equality.
- Leaders owe the corporation rationality that grounds reason, visible order, and mutual understanding to programs and to relationships. Excellence, commitment, and competence are available to followers only under the rubric of rationality.

- Leaders provide the right value environment for people to trust each other, to respect human dignity, and to promote personal development and self-fulfillment in the attainment of corporate goals.
- Leaders owe people space, space of freedom that enables our gifts of ideas, openness, dignity, joy, healing and inclusion to be exercised, a space that enables the followers to grow, to be themselves, to exercise diversity, and a space that offers them the gift of grace and beauty.

The mark of good leaders, therefore, is an attribute that puts them in a position to show the way for others; that is, they are better than most of us at pointing the direction. A good leader that leads always has a goal. The goal is as an overarching purpose, the big dream, and the visionary concept and may be arrived at by a group consensus or by the leader acting on inspiration and aspiration, and passion and insight. A good leader knows the goal better, can better articulate it, and state it imaginatively for any who are unsure, and may provide, at times, some certainty to those who have difficulty in achieving it for themselves. The goal is something presently out of reach; it is something we strive for, to move forward, and to become. A good leader empowers us to do so. He elicits trust in us, confidence in him, and especially if the goal is a high-risk visionary purpose. Every achievement starts with a goal, but great goals are great dreams that spell great direction, great achievement, and great fulfillment. Behind every great achievement is a dreamer of great dreams (Greenleaf, 2002, pp. 29−30).

4.4.6.   *How We Can Train Moral Leaders*

One of society's abiding needs is to develop and mature its leaders. *Mentoring*, coaching, and counseling have become the best means for identifying, nurturing, and maturing leaders. The give-and-take of mentoring seems to be the best way of guiding leaders toward expanding their potential. Mentoring a not a private management seminar. Its ultimate goal is to make mentors of mentees.[4] Mentoring is a process of becoming, not an unimpeded march to perfection.

Ethics relates to *what we ought to do* in a given situation and in a given time. Ethics is also a communal, collective enterprise. We learn ethics and morality from our homes, schools, peers, and society. The wider and deeper the web of our relationships with others, the greater is the possibility that we learn our ethics and morals from others. Given the presence of others and our need for others, ethics, said John Rawls (1985, pp. 223−251), is how we decide to behave when we decide we belong together. The paradox and central tension of ethics lie in the fact that while we are by nature communal and in need of others, we are at the same time, by disposition, more and more egocentric and self-serving. Minimally, therefore, good leadership behavior intends no harm and respects the rights of all. Bad behaviors are willfully or negligently trampling on the rights and interests of others.

Morality, argued John Dewey (1960), starts as a set of culturally defined goals and rules that are external to the individual and are internalized gradually

via habits through learning and training. Some of these goals and rules come as customs, conventions, ordinances, government laws and policies, or public opinions. Good moral leaders as independent agents need to be critical of these externally imposed goals and rules, and embrace what is best and noble in them. Ethics and morality are reflective conduct, affirmed John Dewey (1960, pp. 3−28), and a good leader discerns the distinction between what is custom and convention to what is morally and ethically acceptable and desirable. It is never enough to do the right thing (custom and conventions do this), but one must do the right thing rightly (this is ethics and morality).

A true commitment to moral leadership requires the integration of ethical concerns into all organizational activities. A moral leader must identify the living and dying edges in the organization:

- Leaders must take a role in developing, expressing, and defending civility and values. Civility has to do with identifying values as opposed to following fashions. Civility is the ability to distinguish between what is actually healthy and what merely appears to be living. A leader must tell the difference between living edges and dying ones.
- "To lose sight of the beauty of ideas and of hope and opportunity, and to frustrate the right to be needed, is to be at the dying edge.
- To be part of a throwaway mentality that discards goods and ideas, that discards principles and law, that discards persons and families, is to be at the dying edge.
- To be at the leading edge of consumption, affluence, and instant gratification is to be at the dying edge.
- To ignore the dignity of work and the elegance of simplicity, and the essential responsibility of serving each other, is to be at the dying edge" (Max de Pree, 1987/2004, pp. 21−22).
- Peter Drucker once said, efficiency is doing the thing right, but effectiveness is doing the right thing. We may add: integrity is to do the right thing rightly. Followers look up to leaders for effectiveness and integrity. Leaders can delegate efficiency, but they must deal personally with effectiveness. A leader's effectiveness comes about through enabling others to reach their potential, both individual and institutional (Max de Pree, 1987/2004, pp. 19−20).

Leaders need the ability to look at problems and reality through a variety of lenses − through the lens of a follower, of a new reality, of hard experience and failure, and of fairness and morality. We need to look hard at our future. We must stop being boxed in by national boundaries and cultural stereotypes. We need to make a commitment to civility and inclusiveness. Good leaders modulate individual rights with the common good; they think of fairer ways to distribute economic results among all people. Good leaders are not only successful, but faithful. The active pursuit of common good gives us as followers the right to ask leaders and managers of all kinds to be not only successful, but faithful.

While success is easily measured by the traditional performance criteria, faithfulness is harder to assess or measure.

One of the leader's chief concerns is the problem of betrayal. Leaders often betray followers and vice versa. Most betrayals surface after the fact, after one party clearly abandons a goal, promise, or commitment. Betrayals do not normally arise from poor motivation or outright sabotage. They spring from inertia or entropy – the tendency of everything to deteriorate; entropy creeps into an organization when a leader fails to reflect seriously on what makes important things go awry. Slothful people allow entropy to ruin things; leaders are directly responsible for the very existence of betrayal. From a leader's perspective, the most serious betrayal has to do with thwarting human potential, with quenching the spirit, and with failing to deal equitably with followers as human beings. The promises we make as leaders should resonate our beliefs and values. Otherwise, they ring false, and followers know it and reckon it as betrayal. Often leaders know that professional qualifications are not enough, their skills and techniques fail them, when promises made by them are broken owing to human fragility. At such times, leaders need to resort to deeper resources, resources beyond skills, and techniques rooted in their beliefs and values (De Pree, 1992/2008, pp. 26–28).

4.4.7. *Covenantal Leadership*

Contracts are a small part of business relationships. A complete relationship needs a covenant. Table 4.3 contrasts contractual leadership with covenantal leadership under several dimensions. Intelligence and education can ascertain the facts. Wisdom can discover the truth. Covenant can strengthen relationships. The life of a corporation needs all three. To give one's time does not always mean giving one's involvement. The former is contractual; the latter is covenantal.

Hierarchy and equality are not mutually exclusive. Hierarchy provides connections. Equality makes hierarchy responsive and responsible. Covenant makes both hierarchy and equality thrive together. Without forgiveness, there can be no real freedom to act within a group. Covenant facilitates forgiveness.

Opportunity must always be connected to accountability. Without the promise of accountability, there are no true opportunities and risk. Without true opportunity and risk, there is no chance to seize accountability; it will remain elsewhere. Covenant blends opportunity, risk, and accountability as never before.

Goals and rewards are only parts of the human equation; they are different parts of human activity. When rewards become our goals, we are only pursuing part of our work and covenant. Goals, objectives, rewards, and healthy and rational relationships are best achieved through covenantal relationships. All these bring joy. Joy is an essential ingredient of leadership. Leaders are obliged to provide joy to the followers (Max de Pree, 1987/2004, pp. 141–146).

Table 4.3: Leadership under Contractual versus Covenantal Relationships.

Leadership Dimensions	Contractual Relationships	Covenantal Relationships
Philosophy of leadership	Followers are factors of production, paid contracted employees, subordinates, and subjects, to be controlled and commanded, to be marched to submission, productivity and efficiency, and used for growth and profitability	Followers are persons, with human dignity and purpose and made in the image of God. God has given people a great diversity of gifts. Understanding these gifts fosters trust, respect, and human solidarity
Power of leadership	Contractual relationships foster competitive management, win-lose negotiations, and formal and distanced transactions. Leaders receive the task of leadership from policies and procedures, contracts and agreements, laws and ordinances, promotion and reward structures, and formal and bureaucratic structures	Covenantal relationships empower participative and collaborative management. Words such as love, respect, intimacy, warmth, and personal chemistry define covenantal relationships; they reflect unity and grace and poise. They express the sacred nature of relationships. Leaders receive the gift of leadership from the people they lead
Nature of leadership	Contractual relationships are the act or science of leadership. They are legal and cover the quid prop quo of working together. Contracts almost break down under the inevitable duress of conflict and change. Contractual relationships are exclusive, snobbish, clannish, and performance driven. Leadership is measured by revenue generation, cost containment, accumulation of wealth, market power and dominance, and physical growth	Covenantal relationships are the art of leadership. Covenantal relationships are relational; covenants enable us to deal with change, with conflict, and to reach our potential. They fill deep needs and enable work to be meaningful and fulfilling. Covenantal relationships are inclusive, welcoming, open, transparent, candid, intimate, caring, giving, and mission fulfillment driven

Table 4.3: (*Continued*)

Leadership Dimensions	Contractual Relationships	Covenantal Relationships
Domain of leadership	Contractual relationships foster current, short-term, quick-fix solutions to problems, physical growth than growth of its people. They do not incorporate necessarily a vision of the future, care of the people that should implement them and care of the society they impact	Covenantal relationships tolerate risk, foster maturity, long-term performance and stewardship, and forgive errors; they enable corporations to be hospitable to the unusual person and unusual ideas
Driving power of leadership	Growth in revenues, market share, market dominance, market power, independence, competitive barriers, growth in size and profitability, muzzle, and combat	Growth in relationships, intimacy, interdependence, community building, reciprocity, compassion, hospitality, ethics and morality, humane development and fulfillment, local community enhancement, and global sustainability
	Contractual relationships are a gift of the law and enforcement	Covenantal relationships are a gift of the spirit and liberation
Scope of leadership	Contractual relationships respond to efficiency and performance of business, to policies and rules, to standards and specifications, to manuals and code of conduct, and to sanctions and penalties. Legalistic relationships create an atmosphere of spiritual mediocrity − they paralyze our noblest impulses. Legalistic thinking prevents us from seeing the scale and meaning of events	Covenantal relationships respond to effectiveness and intimacy, to people and relationships, visions and missions, history and identity, social impact and progress, human dignity and fulfillment, and national and global citizenship

Limitations of leadership	"A society based on the letter of the law and never reaching higher, fails to take advantage of the full range of human possibilities. The letter of the law is too cold and formal to have a beneficial influence on society" (Alexander Solzhenitsyn)	Covenantal relationships induce freedom, not paralysis. They are open to influence. They rest on shared commitment to ideas, to issues, to values, to goals, and to management process
Future of leadership	Leadership based on contractual relationships has a bleak future for society and mankind owing to their exclusive, bureaucratic, domineering, and colonizing nature. Capitalism may soon break down under such relationships	Leadership empowered by covenantal relationships has a great future for society and mankind owing to their inclusive, transparent, humanizing, equalizing, compassionate, spiritualizing, and empowering nature. Capitalism can thrive and prosper under such relationships

Source: See also Max de Pree (1987/2004) *Leadership is an Art*. pp. 57–72.

4.5.   Concluding Remarks

One of society's abiding needs is to develop, nurture, and mature its leaders. Organizations do not live on earnings alone, but they do live by its leaders and their followers. Vision is the basis for the best kind of leadership, especially ethical and moral leadership. Today, more than ever, leadership is more an art than a science, more a lived project than an academic program. Ethical leadership is more an ethical imperative than an organizational quality and more a desperate need of the day than a pious wish of the future. Moral leadership is an urgent calling than a job, more a professional clarion call for integrity than an organizational performance drive.

Today's best leaders, says Max De Pree, are *attuned to the needs and ideas of their followers* and even step aside at times to be followers themselves. Genuine leadership reveals how to hold people accountable and give them space to reach their potential; to see the needs of employees and those of the company as the same; to inspire change and innovation; and to work effectively with creative people (De Pree, 1992/2008). "I am still learning about leadership at the age of 83. I am happy to tell you that becoming a better leader is a job that never ends." Leadership is something we never completely understand (De Pree, 1992/2008, p. xv; 173).

Corporations can and should have a redemptive purpose. Leaders must realize that reaching our potential is more important than reaching our goals. We need each other in order to be learners together. We need to become vulnerable to each other. We owe each other the chance to reach our potential. "It is more difficult, but far more important, to be committed to a corporate concept of persons, the diversity of human gifts, covenantal relationship, lavish communications, including everyone, and believing that leadership is a condition of indebtedness" (Max de Pree, 1987/2004, pp. 67−72).

Similarly, leadership is often measured by corporate success. Success is fragile. Success is one of those fragile qualities of leadership. Success can expose to dangerous consequences − it tends to breed arrogance, complacency, and isolation. Success can close a mind faster than prejudice. Leaders are fragile precisely at the point of their strength, liable to fail at the height of their success. One should be aware of one's fragility − it is a step toward personal effectiveness − and do something about it − cultivate inclusive leadership (Max de Pree, 1992/2008, pp. 37−38).

NOTES

1. This raises an important debate as to whether Hitler was a leader, a ruler, or a tyrant, and if he was a leader, was he an ethical leader? Hitler inspired great devotion among his followers as Roosevelt, Lincoln, or Truman did, with relatively the same set of emotions such as trust, fealty, and loyalty. One could not, therefore, arbitrarily state that the set of emotions evoked by Hitler was inferior to those raised by other great contemporary leaders. In general, there are no standards for emotion apart from those already contained within the emotion. But in relation to values there are common standards − for

instance values that promote social harmony, solidarity, and well-being are better than those that do not. But these characteristics are not self-contained within a society, nor can they apply to one part of a society without including consideration of all other parts as well. Hence, this suggests a criterion for distinguishing between effective but evil leadership and effective but good leadership – the promotion of social harmony, fairness, and public good of all society. To the extent that Hitler did not promote social harmony and general social well-being of all, but only of a part that fitted his exclusive philosophy, his was an effective but evil or unethical leadership (see Solomon, 2004, p. 89). We could use similar analysis to weed out other questionable leaders like Jim Jones and David Koresh.

2. Weber (1947) was the first to use the term "charisma" and describe the charismatic leader as one who could bring about social change. He identified these types of leaders who arise "in times of psychic, physical, economic, ethical, religious, [or] political distress" (Weber, 1968). For Weber (1968), charisma in leaders referred to "specific gifts of the body and spirit not accessible to everybody" (p. 19). These leaders were attributed "with supernatural, superhuman, or at least specifically exceptional powers or qualities" (Weber, 1947, p. 358) and could undertake great feats. Weber (1968) believed that followers of a charismatic leader willingly place their destiny in their leader's hands and support the leader's mission that may have arisen out of "enthusiasm, or of despair and hope" (p. 49). Weber (1968) argued that charismatic authority is different from bureaucratic authority and that at the core of charisma is an emotional appeal whose "attitude is revolutionary and transvalues everything; it makes a sovereign break with all traditional or rational norms" (p. 24).

3. In presenting his theory of servant leadership, Robert Greenleaf (1977) first introduces the readers to a story from *Journey to the East* by Hermann Hesse. This story is about a spiritual journey. On the journey, a servant named Leo carries the bags and does all the chores of a typical servant. But, Leo is special: he keeps the group together with his presence and songs. When later Leo disappears mysteriously, the group falls apart and loses the way. Later in the journey, the group discovers that Leo was actually the leader – he represented a paradigm shift: from the followers following the leader, Leo the leader followed the followers serving them. He represents servant leadership – an old normative model of leadership found in ancient Eastern thought.

4. Mentor was a character in Homer's *Odyssey* who advised and helped Odysseus's young son Telemachus. The word mentor over the millennia has come to mean exactly the same – a trusted advisor and counselor. To the pianist Franz List, himself a great mentor, mentoring is about conjugating the verb "to be" and not the verb "to have." Mentoring is a two-way street, a process of being and becoming together, the mentor and the mentee (see Max de Pree, 1992/2008, pp. xxi–xxii).